

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
JANUARY 1, 1940

FEDERAL RESERVE BANK OF PHILADELPHIA

Business and Banking Conditions in the United States

Following a rapid rise after the outbreak of the European war industrial activity continued at a high level in November and the first half of December. There was a considerable increase in distribution of commodities to consumers while prices of basic commodities, which had been steady during November, rose somewhat in the first two weeks of December.

Production. The Board's seasonally adjusted index of industrial production advanced from 121 to 124 per cent in November, reflecting sustained activity at a period of the year when a decline is usual. Production of durable goods, which had advanced rapidly for several months, showed a further expansion. Record production of steel ingots continued in November and was followed by a less than seasonal decline in the first half of December. Automobile production increased in November, notwithstanding the fact that plants of one important company remained closed pending settlement of an industrial dispute. After this was settled at the end of November assemblies rose sharply. Retail sales of new automobiles were in large volume in

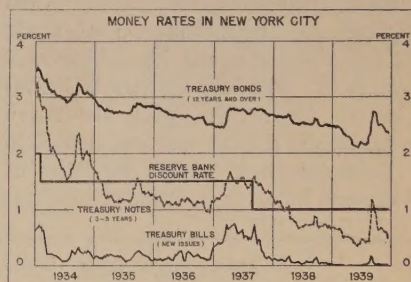
November and at the end of the month dealers' stocks of new cars apparently were smaller than at the corresponding time in other recent years. Lumber production declined less than seasonally in November but plate glass production, which had reached a high level in October, showed a reduction.

Output of nondurable goods continued at a high level in November. At cotton and woolen mills, activity increased somewhat further and was close to the record levels reached three years ago. Rayon production advanced to new high levels but at silk mills there was a sharp decline following substantial increases earlier this fall. Output of flour and sugar declined further from the levels reached in September while changes in activity at shoe factories and meat-packing establishments were largely seasonal in character.

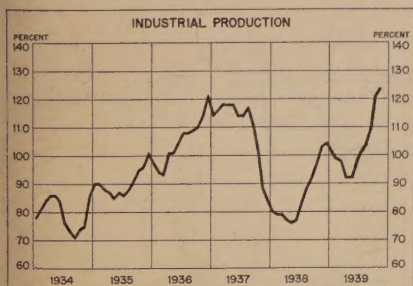
Coal production in November declined somewhat from the high level reached in October. Output of crude petroleum increased further and iron ore shipments continued in exceptionally large volume until the Great Lakes'

shipping season closed in the latter part of the month.

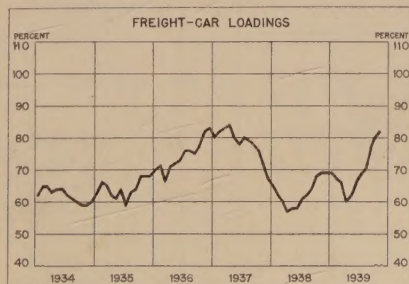
Value of construction contracts, as reported by the F. W. Dodge Corporation, increased in November following a sharp decline in October. In both months changes in total awards reflected principally fluctuations in the volume of contracts for public construction. Private residential awards declined somewhat less than seasonally in November, while awards for other private projects showed little change. Contracts for private work, both residential and nonresidential, were larger than a year ago, while



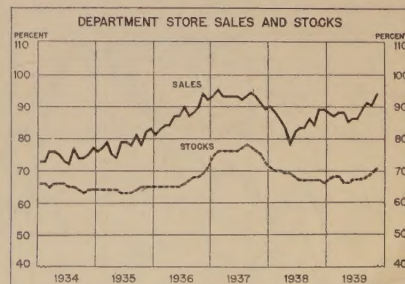
For weeks ending January 6, 1934, to December 16, 1939.



Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to November 1939.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to November 1939.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to November 1939.

those for public projects were below the high level of that time when contracts under the Public Works Administration program were being awarded in large volume.

Employment. Factory employment and payrolls continued to increase in November, reflecting chiefly further sharp advances in industries producing steel, machinery, and other durable goods.

Distribution. In November distribution of commodities to consumers increased considerably. The Board's seasonally adjusted index of department store sales, which had been around 90 in the three preceding months, advanced to 94, a level about the same as at the peak in 1937 when prices of commodities sold at depart-

ment stores were generally somewhat higher than at present.

Freight-car loadings showed less than the usual seasonal decrease from October to November and the Board's adjusted index increased from 80 to 82, which was only slightly under the recovery peak reached in the early part of 1937. Shipments of ore and miscellaneous freight declined less than is usual in November, while loadings of coal decreased more than seasonally from the relatively high October level.

Commodity prices. Prices of both industrial materials and foodstuffs advanced from the latter part of November to the middle of December. Wheat and silk prices rose considerably and there were smaller increases in cotton and hides. Prices of steel scrap and

nonferrous metals, on the other hand, showed declines.

Government security market. Prices of United States Treasury bonds advanced sharply during the last half of November to a level not far below the all-time high point of last June and remained steady during the first half of December.

Bank credit. Total loans and investments at reporting member banks in 101 leading cities rose substantially during November and the first half of December, reflecting largely purchases of new United States Government securities. Commercial loans, which have been increasing since August, continued to rise until the third week in November. Deposits increased further

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial activity in the Third Federal Reserve District improved further in November and the seasonally adjusted index advanced for the sixth consecutive month to the highest levels since the summer of 1937. More than half of the sharp gain in the six-month period occurred after the outbreak of war. Practically all lines have shown substantial improvement but the greatest gains have been in the output of durable manufactured goods. Coal mining and the production of crude oil and electric power have been well sustained. Building activity is beginning to decline, following the sharp expansion in the summer and early fall.

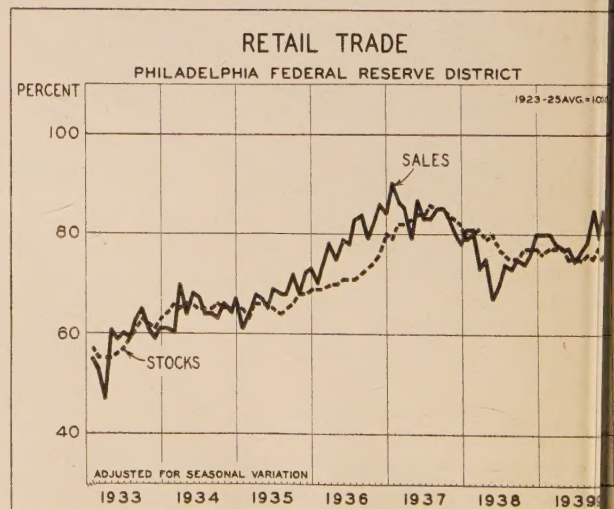
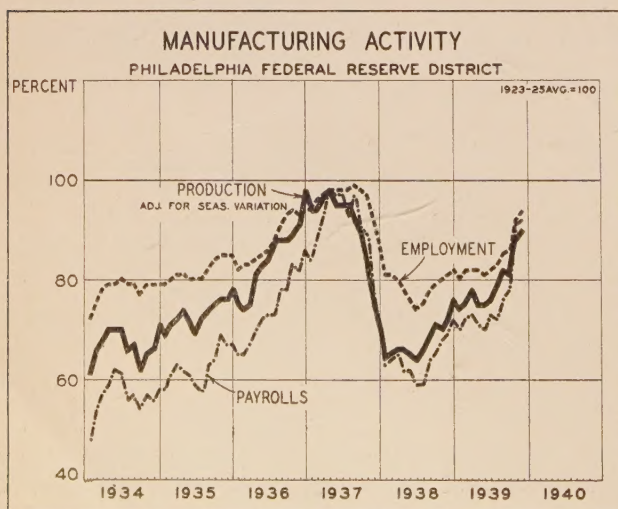
Employment in twelve branches of trade and industry in Pennsylvania ad-

vanced further from October to November and was well above a year ago. Wage disbursements have been sustained at unusually high levels. In the latest month increases were reported in manufacturing, petroleum production, public utilities, and retail trade. Preliminary reports for December indicate further advances in manufacturing, contrary to seasonal expectations.

Retail trade sales have expanded sharply and early reports indicate that holiday business this year will be substantially larger than in 1938. Wholesale trade has also been well maintained at levels above last year. Inventories in trade channels have increased somewhat but the advances have been smaller than the expansion in sales.

Commodity prices showed strength in the early part of December, following a decline from the peaks reached soon after the outbreak of war.

Current industrial conditions generally appear favorable. Purchasing policies have been pursued along cautious lines, despite the sharp uptick in industrial activity and the untangling influences of the war abroad. Backlogs of orders continue large, in many lines, particularly durable manufactured goods, appear adequate to sustain operations well into 1940. Consumer incomes have increased sharply and may be a strong stimulus to domestic trade in the coming months. The volume of foreign buying has been as widespread as had been



pected but may increase if the war is prolonged. The commercial use of bank credit has expanded somewhat, but the volume of surplus funds available to commerce, industry and agriculture continues unusually large.

Manufacturing. The demand for factory products has slackened further, following a period of active buying in September and October. As is usual at this time of year, many concerns are deferring purchases until after the year-end inventory period. The volume of both inquiries and sales was smaller in the month, especially in the case of textiles and building materials. But compared with 1938, sales continue substantially larger, the sharpest gains being in iron and steel, leather products, and building materials.

A decline in the amount of unfilled orders has been due largely to high operating rates and heavy shipments; orders continue larger than at the same time last year when activity was expanding. Backlogs at iron and steel mills have been fairly well sustained, while those at textile plants declined noticeably.

Inventories of finished steel and textile products at manufacturing establishments in the Third District were somewhat lower in late November and early December than both a month and a year earlier, while stocks of raw materials in nearly all reporting lines are about the same as in October and the latter part of last year. Prices of manufactured goods are generally about the same as a month ago but are higher than in 1938.

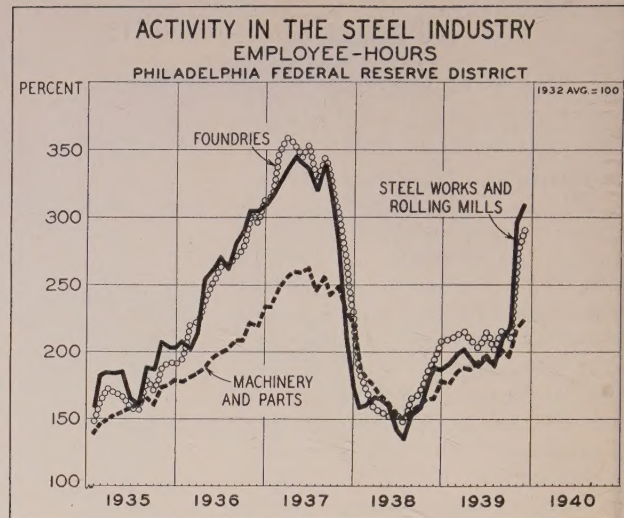
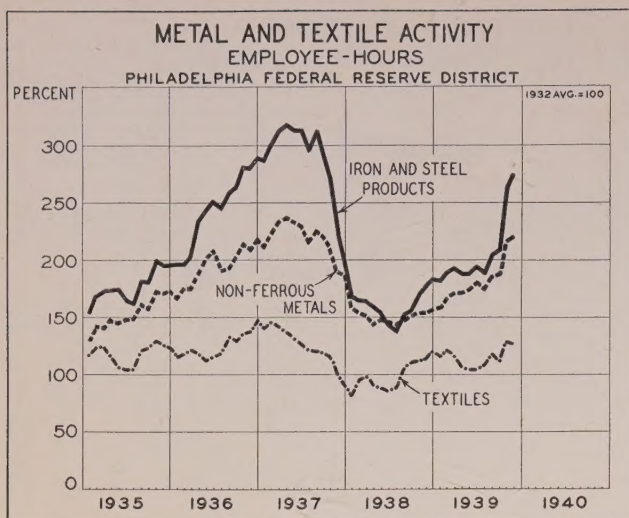
Employment and payrolls in Pennsylvania factories increased nearly 2 per cent from October to November when employment customarily shows little change and payrolls decline. Preliminary reports indicate further advances in December, the sharpest gains being in the durable goods industries. Wage disbursements at textile mills also appear to have increased further despite the usual contraction at this time of year.

Estimates show that nearly 925,000 wage earners were employed in Pennsylvania factories in November, the largest number in the past two years and nearly 128,000 more than at the low point of 1939 last May. Most of the gain has occurred since August, approximately 91,000 workers having been taken on in the first three months of the war or nearly three times the number usually added to the rolls in this period. Weekly payrolls in November are estimated to have exceeded

	Index numbers: percentages of the 1923-1925 average as 100											
Adjusted indexes allow for the usual seasonal change in activity.	Adjusted for seasonal variation							Not adjusted				
	Nov. 1938	Sept. 1939	Oct. 1939	Nov. 1939	Per cent change			Nov. 1938	Sept. 1939	Oct. 1939	Nov. 1939	
					Nov. 1939 from		1939 from 11 mos. 1938					
					Month ago	Year ago						
Unadjusted indexes reflect merely the actual change which may or may not be typical.												
Industrial production	74	84	90	92p	+ 2	+ 24	+17	76r	86	94	93p	
Manufacturing—total.	72	81	88	90p	+ 2	+ 26	+18	73	83	92	92p	
Durable goods.	62	78	93	98p	+ 6	+ 57	+32					
Consumers' goods.	80	87	90	89p	- 0	+ 11	+12					
Metal products.	62	73	91r	99	+ 8	+ 59	+32	61	73	94r	98	
Textile products.	72	80	85	85p	- 0	+ 18	+26	75	82	89	89p	
Transportation equipment.	63	89	100	101	+ 1	+ 60	+40	60	84	95	97	
Food products.	77	83	78	79p	+ 2	+ 3	+ 3	77	87	82	80p	
Tobacco and products.	98	100	101	94	- 7	- 4	- 3	117	116	124	112	
Building materials.	35	41	46r	47	+ 3	+ 34	+21	35	44	49r	47	
Chemicals and products.	113	128	131	137p	+ 4	+ 21	+11	114	127	133	137p	
Leather and products.	113	115	124	127p	+ 2	+ 12	+ 6	107	126	132	121p	
Paper and printing.	84	89	89	89	+ 0	+ 6	+ 2	84	88	90	90	
Coal mining.	59r	71	61	63p	+ 3	+ 7	+14	61r	72	76	66p	
Anthracite.	58r	71	58	60p	+ 3	+ 3	+13	60r	72	74	62p	
Bituminous.	63	75	85	86	+ 1	+ 36	+18	69r	76	91	95	
Crude oil.	419	432	460	482	+ 5	+ 15	- 3	406	432	460	468	
Electric power												
Output.	244	268	273	272	- 0	+ 12	+11	253	262	281	283	
Sales, total†.	240	265	271	276	+ 2	+ 15	+11	247	263	271	284	
Sales to industries†.	162	180	198	194	- 2	+ 19	+13	166	191	192	198	
Employment and wages—Pa.												
Factory—Wage earners§.					+ 2*	+ 15*	+ 8*	79	84	90	91	
Payrolls§.					+ 1*	+ 34*	+20*	67	75	89	90	
Man-hours (1927-28 = 100).					+ 2*	+ 38*	+24*	64	72	86	88	
General (1932 = 100)												
Employment§.					+ 1*	+ 10*	+ 3*	107	109	116	117	
Payrolls§.					+ 0*	+ 25*	+13*	137	148	171	171	
Building and real estate												
Contracts awarded†—total.	62	79	77	65	-15	+ 6	+25	62	77	78	65	
Residential†.	39	67	67	63	- 7	+ 62	+75	40	62	66	65	
Nonresidential†.	65	46	41	43	+ 6	- 33	-23	69	45	40	46	
Public works and utilities†.	94	212	206	95	-54	+ 1	+52	105	195	200	106	
Permits for building—17 cities.	17	20	22	33	+48	+100	+74	15	18	23	31	
Real estate deeds—Philadelphia†.	47	55	52	54	+ 4	+ 16	+ 7	46	47	50	53	
Writs for Sheriff sales—Phila.	328	244	313	264	-16	- 19	-19	367	283	156	296	
Distribution												
Retail trade—sales.	76r	85	79	88p	+11	+ 16	+ 7	89	86	93	103p	
stocks.	77r	75	78	80p	+ 2	+ 4		86	81	88	90p	
Wholesale trade—sales.					- 0*	+17*	+10*					
stocks.					+ 1*	+ 5*						
Life insurance sales.	91	91	101	90	-11	- 1	+11	96	73	92	95	
New passenger auto. registrations.					+ 20*	+17*	+45*	96	66	94	113	
Hotels—Occupancy (1934 = 100).					- 9*	- 2*	- 2*	121	110	128	118p	
Income, total (1934 = 100).					- 2*	- 6*	- 4*	138	103	129	128p	
Freight-car loadings—total.	58	70	76	83	+ 8	+ 42	+22	59	79	84	83	
Merchandise and miscellaneous.	60	67	74	81	+ 9	+ 36	+20	59	76	80	80	
Coal.	58	76	76	75	- 2	+ 28	+17	64	79	87	82	
Business liquidations												
Number.					+25*	- 18*	- 1*	99	71	64	81	
Amount of liabilities.					-32*	- 34*	- 8*	31	32	30	20	
Payment of accounts												
Check payments.	80	91	85	85	+ 0	+ 6	+ 9	86	87	87	91	
Rate of collections (actual)												
Retail trade.	32	34	32	35	+ 8	+ 8		33	30	33	36	
Prices—United States												
Wholesale (1926 = 100).					- 0*	+ 2*	- 2*	77	79	79	79	
Farm products.					+ 0*	- 1*	- 5*	68	69	67	67	
Foods.					- 1*	- 2*	- 5*	74	75	73	72	
Other commodities.					+ 0*	+ 3*	- 1*	81	82	84	84	
Retail food.					- 1*	- 0*	- 3*	78	79	78	78	
Philadelphia.					- 2*	+ 1*	- 2*	78	80	80	78	
Scranton.					+ 0*	+ 4*	- 1*	72	77	75	75	

(In millions of dollars)	Nov. 1938	Aug. 1939	Sept. 1939	Oct. 1939	Nov. 1939	% change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted.....	\$ 1.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.4	0	-69
Other bills and securities.....	226	209	236	241	231	- 4	+ 2
Member bank reserves.....	378	516	540	572	598	+ 5	+58
Reserve ratio (per cent).....	72.8	79.5	77.6	77.3	79.6	+ 3	+ 9
Reporting member banks							
Loans.....	\$ 411	\$ 418	\$ 415	\$ 422	\$ 426	+ 1	+ 4
Investments.....	721	738	737	729	735	+ 1	+ 2
Deposits (a).....	1425	1591	1617	1660	1696	+ 2	+19
Bankers' acceptances outstanding.	11.2	8.8	8.6	9.0	10.2	+13	- 9

* Computed from data unadjusted for seasonal variation. p—Preliminary. r—Revised.
 † Not included in production index. (a) Less cash items in process of collection.
 ‡ 3-month moving daily average centered at 3rd month. § Revised. See footnotes page 7.



\$23,000,000 a week or nearly \$6,000,000 more than in May. This expansion was several times the usual seasonal advance. More than \$4,000,000 of the increase occurred since August.

In November the number of workers and the volume of wage payments increased substantially at iron and steel plants, particularly in such basic lines as steel works and rolling mills, forgings, foundries, electrical apparatus, and machinery and tools. Gains were also reported in nonferrous metal products and transportation equipment, especially locomotives and cars and railroad repair shops.

The levels reached in October were maintained in such consumers' goods as textiles and foods. The only significant declines were at clothing mills, particularly those turning out men's apparel.

In Delaware factories, employment showed practically no change from October to November and payrolls increased about 1 per cent. At factories in Southern New Jersey employment and payrolls increased about 4 per cent from October to November and were 27 and 46 per cent respectively above November 1938.

Manufacturing activity in November was sustained contrary to the usual seasonal tendency, so that the adjusted index advanced 2 per cent to the highest level since the summer of 1937. The output of durable goods increased 6 per cent from October, while consumers' goods were virtually unchanged. From September to November manufacturing activity increased 11 per cent more than usual and from the low point of the year, reached last May, the gain was 21 per cent. The output of durable goods from May to November expanded 43 per cent, of which

33 per cent occurred after August. In consumers' goods the advance in the six months was only 8 per cent, and from August to November production declined 3 per cent when due allowance is made for seasonal change.

The principal increases in November were in the output of metal products, particularly pig iron and steel castings. Most other lines also reported improvement, the exceptions being textiles, where there was practically no change, and tobacco products. Compared with November of 1938, when manufacturing activity was approaching the peak for that year, the output of factory products showed a gain of 26 per cent, reflecting an expansion of 57 per cent in durable goods and 11 per cent in consumers' goods. In the first eleven months of 1939 the output of manufactured products averaged 18 per cent more than in the corresponding period of the year before.

The output of electric power from October to November increased about seasonally. Total sales advanced 2 per cent more than usual and sales to industry increased 2 per cent less than was to be expected.

Coal and other fuels. Sales of anthracite at the mines decreased in November for the second successive month and continued quiet in the early part of December. Some improvement was reported after the middle of the month, but demand is somewhat less active than a year ago.

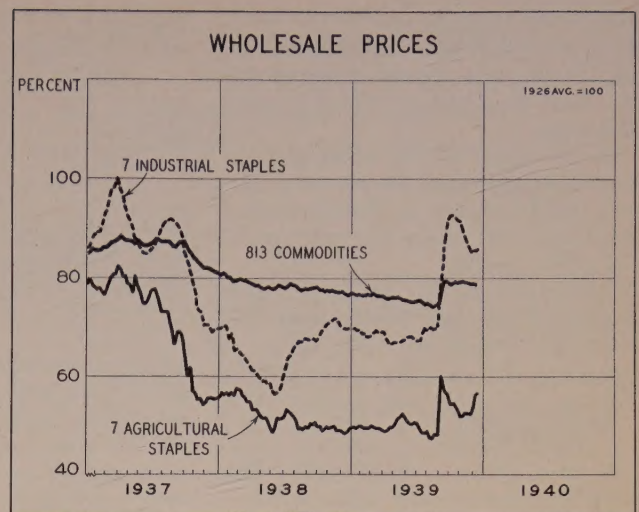
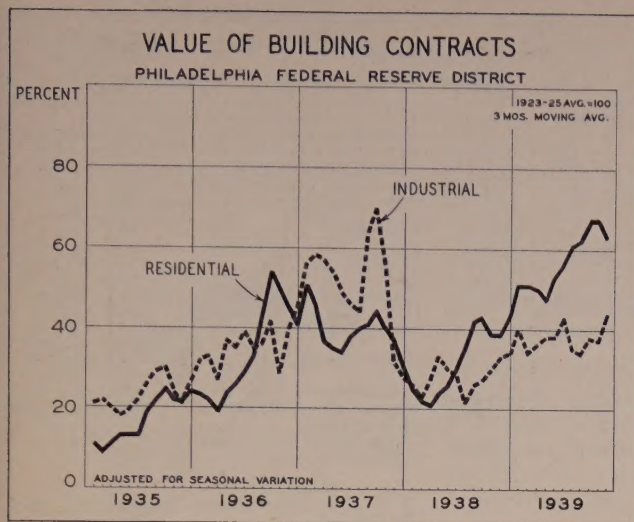
Production declined less than seasonally in November from the high levels of the preceding two months but was sharply curtailed in the first half of December, when a number of collieries suspended operations completely for

several days. Anthracite shipments declined about 29 per cent from October to November and were the smallest since midsummer. In the first eleven months of 1939, however, both production and shipments were substantially greater than in the same period of 1938.

Purchases of Pennsylvania bituminous coal by manufacturing plants and other industrial consumers have slackened further in the past several weeks following heavy buying earlier in the fall. Current demand, however, is decidedly more active than a year ago, reflecting improved industrial conditions. The output of collieries has increased more than usual every month since the shutdowns last spring. In November was 36 per cent above November 1938. Production early in December slackened seasonally. In the first eleven months of 1939 output was 18 per cent and shipments 14 per cent greater than a year earlier.

Production of by-product coke declined slightly more than seasonally in November, following unusually sharp increases for five consecutive months. Output was still 30 per cent more than in November 1938 and the largest for the month since 1929. Activity at refineries expanded considerably from October to November and was above the level of a year earlier. In the first eleven months of 1939 production of by-product coke was 34 per cent and gas and fuel oils 9 per cent greater than in the same period of 1938.

Building. Activity in the construction industry in this district declined more than seasonally from October to November. But compared with a year ago, operations continue larger, owing



to a greater volume of residential building.

New contract awards in November approximated \$12,500,000, or 24 per cent less than in the preceding month and 16 per cent below the 1938 total. The value of contracts let for apartments and hotels, factories, and educational buildings increased sharply in the month, but awards for other classes of construction were considerably smaller than in October, the most pronounced decline being reported in public works and utilities. Contracts for residential and commercial buildings were larger than in November of last year, while awards for other types were smaller.

Building contracts Philadelphia Federal Reserve District	Nov. 1939 (000's omitted)	Per cent change	
		From month ago	1939 from 11 mos. 1938
Residential	\$ 6,790	- 0	+ 75
Apts. and hotels	2,393	+235	+206
Family houses	4,397	- 28	+ 53
Nonresidential	3,794	- 18	- 23
Commercial	1,130	- 54	+ 17
Factories	964	+ 33	+ 72
Educational	1,239	+269	- 71
All other	461	- 58	- 26
Total buildings	\$10,584	- 7	+ 16
Public works and utilities	1,967	- 62	+ 52
Grand total	\$12,551	- 24	+ 25

Source: F. W. Dodge Corporation.

In the first eleven months of 1939 aggregate contract awards were the largest for any corresponding period since 1930. The total of over \$183,000,000 was 25 per cent greater than a year earlier, reflecting principally gains in residential contracts.

Wholesale prices of building materials advanced to a new two-year high about the middle of December, owing chiefly to increases in quotations for

lumber, brick, and certain paint materials.

Distribution, trade and service. Retail trade sales have expanded more than usual since the temporary slackening in October. The dollar volume of business at reporting stores increased 11 per cent in November, when there is customarily little change, so that the seasonally adjusted index advanced to the highest level since 1937. Preliminary indications are that the volume of sales in the Christmas buying season was substantially larger than usual and considerably greater than in 1938, when business was stimulated by a rapid improvement in general industrial conditions.

The sharpest gain from October to November was an expansion of 19 per cent, on a seasonally adjusted basis, at department stores in Philadelphia. Sales by shoe stores advanced 15 per cent more than was to be expected, and credit stores reported an improvement of 11 per cent from October levels.

Total dollar retail sales by reporting stores in November were 16 per cent above November 1938, reflecting advances ranging from 7 per cent at women's specialty shops to 22 per cent at men's apparel stores and establishments selling such durable consumers' goods as furniture and household equipment. In the first eleven months of the year total sales averaged 7 per cent higher than in the corresponding period of 1938.

Inventories at retail establishments increased about 2 per cent more than seasonally from October to November. Compared with November of 1938 stocks on hand were 4 per cent larger. The small increases in inventories reflect the cautious buying policy which

has been followed for the past two years or more by retail purchasing agents. In the first eleven months of this year the rate of stock turnover has been higher than in 1938.

Sales at wholesale declined fractionally further from October to November, the sharpest contraction being 19 per cent reported by establishments distributing footwear. The only substantial increase in the month was in sales of electrical supplies, which are an especially prominent feature in Christmas trade.

Compared with November 1938, dollar sales at wholesale were 17 per cent higher, reflecting a sharp expansion in sales of electrical supplies, jewelry, hardware, and paper. For the first eleven months of 1939 wholesale trade sales averaged 10 per cent above the corresponding period in the preceding year.

Inventories at wholesale establishments also increased slightly in November and were about 5 per cent above November 1938. The expansion in stocks in most cases was substantially less than the increase in the volume of business.

Railway freight shipments in the Allegheny District declined less than seasonally from October to November. The movement of grain and coke increased more than is customary in the period, and loadings of ore declined much less than was to be expected, owing to the sustained high rate of activity in the steel industry. Shipments of less-than-carload lots increased instead of showing the customary decline, and shipments of miscellaneous merchandise were reduced less than was to be expected.

Shipments originating in the Philadelphia area expanded slightly from

October to November, when the movement of this freight usually decreases, and preliminary reports indicate that the level was well sustained in early December.

Registrations of new passenger automobiles increased 20 per cent further from October to November and continued well above the corresponding period of 1938.

Total revenue of nonresort hotels declined 2 per cent in the month and was 6 per cent below a year ago.

Hotel business Philadelphia Federal Reserve District	Nov. per cent change from		1939 from 11 mos. 1938
	Month ago	Year ago	
Capacity.....	- 0	-1	.....
Room occupancy.....	- 9	-2	-2
Per cent of capacity used:			
Nov. 1939.....	51.4		
Oct. 1939.....	56.2		
Nov. 1938.....	51.9		
Revenue from:			
Guest rooms.....	-12	-8	-4
Food.....	+ 5	-5	-4
Other sources.....	+11	-5	-4
Total revenue.....	- 2	-6	-4

Banking conditions. The large volume of surplus funds held by member banks in this district has shown some decline from the record levels reached in November. Deposits at reporting banks have expanded recently, and loans are now at the highest point since the spring of 1938. The volume of investments has been reduced somewhat and is about the same as a year ago.

In the first half of December the reserves of member banks averaged \$585,600,000 or \$215,900,000 more than in the corresponding period of 1938. Excess reserves were \$278,600,000, equal to 91 per cent of requirements. Two months earlier excess reserves and balances held with correspondents totaled nearly twice required reserves at Philadelphia member banks and almost three times at other banks in this district.

Member bank reserves (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Philadelphia banks:				
1939—Nov. 1-15	\$429.6	\$210.0	\$219.6	105%
Nov. 16-30	422.6	210.2	212.4	101 "
Dec. 1-15	418.5	209.4	209.1	100 "
1938—Dec. 1-15	227.9	171.4	56.5	33 "
Country banks:				
1939—Nov. 1-15	173.2	97.2	76.0	78 "
Nov. 16-30	169.8	97.0	72.8	75 "
Dec. 1-15	167.1	97.6	69.5	71 "
1938—Dec. 1-15	141.8	94.7	47.1	50 "

Reserves declined only \$2,800,000 to \$588,400,000 in the four weeks from November 22 to December 20, although substantial amounts were taken from the market by Treasury operations and the seasonal increase of \$22,-

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Dec. 20, 1939	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 0.9	+\$0.4	— \$0.5
Bills bought.....	0	0	— 0.1
Industrial advances.....	3.1	— 0.0	— 0.0
U. S. securities.....	213.8	— 8.7	— 9.0
Total.....	\$217.8	—\$8.3	— \$9.6
Note circulation.....	352.7	+12.8	+ 28.1
Member bank deposits.....	588.4	— 2.8	+235.3
U. S. general account.....	75.9	+22.9	+ 13.2
Foreign bank deposits.....	39.7	+ 1.5	+ 20.5
Other deposits.....	13.4	+ 0.5	+ 6.4
Total reserves.....	858.9	+30.9	+298.1
Reserve ratio.....	80.3%	+ 0.3%	+ 7.1%

000,000 in currency demand, which was larger than a year earlier. Reserves were sustained by a gain of over \$26,000,000 in transactions with other districts and an expansion of \$13,700,000 in reserve bank credit extended locally.

Treasury receipts were over \$19,000,000 larger than disbursements in this district, owing principally to payments of quarterly installments on the income tax. Government receipts also were sharply increased by the sale of 2 per cent bonds of 1948-50. The amount of these securities allotted in this district totaled about \$31,200,000, of which over \$25,000,000 was paid for in cash, while the balance was by credit at depository banks.

The increase in reserve bank credit in this district was almost entirely in float, arising from holiday delays in the mails. Discounts for members increased very little and industrial advances declined slightly. The participation of the Federal Reserve Bank in System holdings of governments decreased \$8,700,000 to \$213,800,000, reflecting unreplaced maturities of Treasury bills from the Investment Account and sales of bonds in the market.

Outstanding credit of the reporting banks declined \$1,000,000 in the four weeks ended December 20 to \$1,165,000,000. Investments decreased \$8,000,000, while loans increased \$7,000,000. The principal changes in loans were increases of \$4,000,000 each in commercial accommodation and in bor-

Reporting member banks (000,000's omitted)	Dec. 20, 1939	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 200	+\$4	+\$ 17
Open market paper.....	25	+ 1	+ 3
Loans to brokers, etc.....	25	+ 4	+ 5
Other loans to carry secur.....	32	+ 1	— 1
Loans on real estate.....	56	0	+ 2
Loans to banks.....	1	0	— 1
Other loans.....	95	— 3	— 8
Total loans.....	\$ 434	+\$7	+\$ 17
Government securities.....	\$ 357	—\$5	—\$ 8
Obligations fully guaranteed.....	99	— 3	+ 6
Other securities.....	275	0	— 1
Total investments.....	\$ 731	—\$8	—\$ 3
Total loans & investments.....	\$1,165	—\$1	+\$ 14
Reserve with F. R. Bank.....	429	— 4	+ 201
Cash in vault.....	24	+ 5	+ 2
Balances with other banks.....	229	+15	+ 63
Other assets—net.....	101	— 1	— 4
Liabilities			
Demand deposits, adjusted.....	\$ 952	—\$1	+\$162
Time deposits.....	279	0	— 4
U. S. Government deposits.....	54	+ 2	— 1
Interbank deposits.....	422	+10	+ 122
Borrowings.....	19	0	0
Other liabilities.....	19	+ 3	0
Capital account.....	222	0	— 3

rowings by brokers and dealers in securities. Commercial loans reached a new high point for 1939 of \$200,000,000 and exceeded last year's volume by 9 per cent.

Despite the allotment of new bonds, the reporting banks reduced their holdings of direct issues of the Federal Government by \$5,000,000 to \$357,000,000 in the period. The investment in guaranteed obligations also was \$3,000,000 lower, while corporates and municipals were unchanged. Total investments of \$731,000,000 on December 20 were down \$14,000,000 from the year's high at the close of August.

Aggregate deposits at the reporting banks increased \$11,000,000 to within \$2,000,000 of the record peak of \$1,709,000,000 on November 8. Balances of individuals, firms, and corporations were built up substantially in the four-week period and interbank deposits also advanced. Deposits of states and local governments, on the other hand, decreased materially to the lowest level since May.

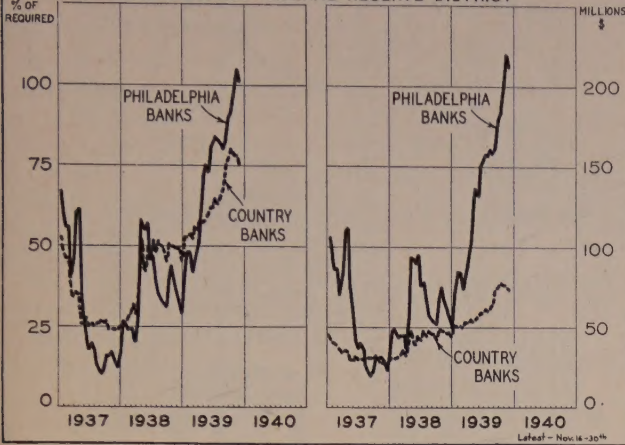
MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks*
	Nov. 29	Dec. 6	Dec. 13	Dec. 20	
Sources of funds:					
Reserve bank credit extended in district.....	—0.0	+ 0.5	— 1.8	+15.0	+13.7
Commercial transfers (chiefly interdistrict).....	—0.0	+13.3	+ 1.7	+11.4	+26.4
Treasury operations.....	+1.2	— 1.9	—16.6	— 1.9	—19.2
Total.....	+1.2	+11.9	—16.7	+24.5	+20.9
Uses of funds:					
Currency demand.....	+2.3	+ 7.9	+ 4.1	+ 7.8	+22.1
Member bank reserve deposits.....	+1.1	+ 2.3	—24.5	+18.3	— 2.8
"Other deposits" at reserve bank.....	—2.1	+ 1.6	+ 3.7	— 2.7	+ 0.5
Other Federal Reserve accounts.....	—0.1	+ 0.1	— 0.0	+ 1.1	+ 1.1
Total.....	+1.2	+11.9	—16.7	+24.5	+20.9

* Preliminary.

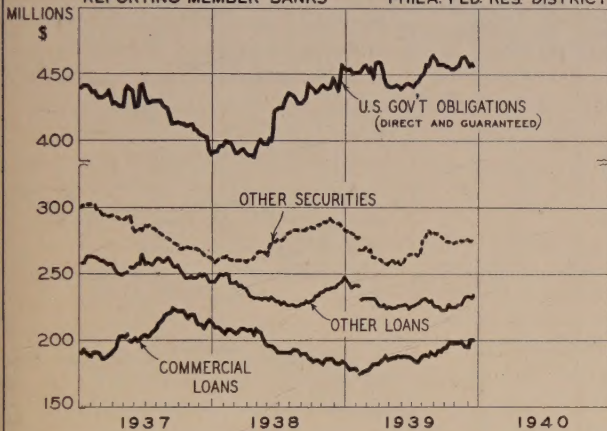
EXCESS RESERVES OF MEMBER BANKS

PHILADELPHIA FEDERAL RESERVE DISTRICT



LOANS AND INVESTMENTS

REPORTING MEMBER BANKS PHILA. FED. RES. DISTRICT



Percentage change—November 1939 from November 1938

City areas*	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+21	+37	- 11	+17	+21
Altoona.....	+19	+43	+ 574	+ 4	+21
Harrisburg.....	+21	+54	+ 307	+12	+ 6
Johnstown.....	+41	+80	+ 31	+23	+25
Lancaster.....	+ 8	+12	+186	+ 9	+12
Philadelphia.....	+12	+22	+ 73	+ 7	+16
Reading.....	+12	+17	+1803	+19	+13
Scranton.....	+ 2	+ 9	+ 18	+ 2	+11
Trenton.....	+18	+36	+ 30	+16	+22
Wilkes-Barre.....	+10	+32	+ 71	+ 1	+13
Williamsport.....	+ 7	+11	+170	+20	.....
Wilmington.....	+19	+28	+ 95	+ 5	+26
York.....	+16	+32	- 32	+16	+15

November 1939 from October 1939

Allentown.....	+ 2	+ 3	+ 67	- 9	+14
Altoona.....	+ 3	+ 3	+158	- 3	+21
Harrisburg.....	+ 2	+ 3	- 18	- 3	+16
Johnstown.....	+ 5	+ 7	- 65	+ 3	+ 5
Lancaster.....	- 0	- 4	- 24	- 9	+ 9
Philadelphia.....	- 0	+ 0	- 1	- 2	+20
Reading.....	+ 0	- 1	+2839	- 8	+22
Scranton.....	+ 1	- 1	- 60	-11	+ 1
Trenton.....	+ 5	+ 5	- 40	+18	+17
Wilkes-Barre.....	+ 2	+ 4	- 62	-10	+11
Williamsport.....	+ 2	- 1	- 54	+10	.....
Wilmington.....	+ 3	+ 2	- 23	-14	+14
York.....	+ 6	+ 6	+ 25	- 4	+18

* Area not restricted to the corporate limits of cities given here.

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*			Payrolls*			Employee-hours†	
	Nov. 1939 index	Per cent change from		Nov. 1939 index	Per cent change from		Nov. 1939	per cent change from
		Oct. 1939	Nov. 1938		Oct. 1939	Nov. 1938		
All manufacturing.....	91†	+2	+15	90†	+1	+34	+2	+38
Iron, steel and prods.....	83	+5	+28	109	+4	+57	+4	+55
Non-fer. metal prods.....	123	+2	+24	153	+2	+41	+2	+44
Transportation equip.....	65	+1	+29	77	+3	+60	+2	+55
Textiles and clothing.....	99	-1	+ 6	92	-1	+11	-2	+11
Textiles.....	95	+1	+ 7	90	+0	+10	-1	+12
Clothing.....	115	-6	+ 4	105	-7	+14	-6	+ 6
Food products.....	109	-1	+ 3	113	-1	+ 6	-1	+ 6
Stone, clay and glass.....	84	+2	+18	88	-2	+27	-3	+34
Lumber products.....	66	+2	+11	63	+0	+25	-0	+19
Chemicals and prods.....	94	-0	+16	106	+3	+21	-3	+28
Leather and products.....	89	-1	+ 3	82	-6	+ 6	-6	+ 4
Paper and printing.....	102	+1	+ 7	106	-0	+12	-1	+12
Printing.....	92	+1	+ 3	97	-0	+ 6	+0	+ 4
Others:								
Cigars and tobacco.....	60	-3	-10	56	-2	- 8	-4	-10
Rubber tires, goods.....	91	-1	+15	96	-14	+14	-12	+16
Musical instruments.....	61	+2	+10	69	+2	+21	+3	+21

* Figures from 2422 plants.

† Figures from 2180 plants.

‡ Adjusted to 1937 Census. Revised figures for earlier periods may be obtained from this bank.

General Index Numbers

Covering Twelve Branches of Trade and Industry

	Employment			Payrolls		
	Nov. 1939 index	Per cent change from		Nov. 1939 index	Per cent change from	
		Oct. 1939	Nov. 1938		Oct. 1939	Nov. 1938
General index (weighted)....	117*	+1	+10	171*	+0	+25
Manufacturing.....	142†	+2	+15	221†	+1	+34
Anthracite mining.....	69	+1	+1	73	-18	+17
Bituminous coal mining.....	113	+2	+10	243	-1	+23
Building and construction.....	54	-6	- 5	78	- 6	+ 4
Quarrying and non-met. mining.....	112	+0	+13	225	- 5	+29
Crude petroleum producing.....	131	-0	- 2	162	+ 5	+ 6
Public utilities.....	95	0	+ 1	107	+ 2	+ 3
Retail trade.....	114	+5	+ 4	132	+ 3	+ 6
Wholesale trade.....	118	+1	+ 5	123	- 2	+ 7
Hotels.....	103	-1	- 7	117	- 1	- 6
Laundries.....	97	+0	- 1	126	- 1	+ 3
Dyeing and cleaning.....	95	-2	- 6	118	- 1	-10

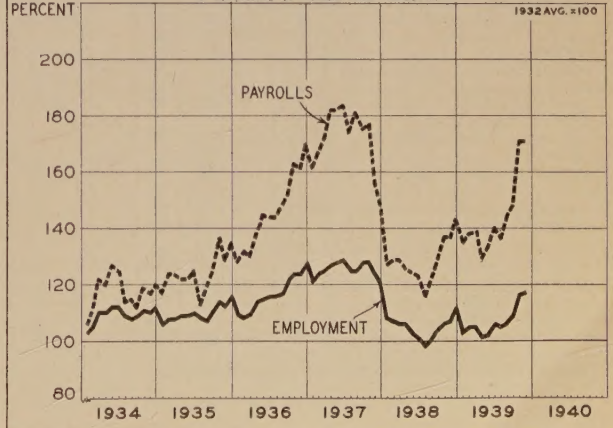
* Revised. Figures for earlier periods may be obtained from this bank.

† Adjusted to 1937 Census. Revised figures for earlier periods may be obtained from this bank.

INDUSTRIAL EMPLOYMENT AND PAYROLLS

PENNSYLVANIA

12 BRANCHES OF TRADE AND INDUSTRY



Index numbers of individual lines of trade and manufactures

Philadelphia Federal Reserve District

	Index numbers: percentages of the 1923-1925 average as 100									
	Adjusted for seasonal variation						Not adjusted			
	Nov. 1938	Sept. 1939	Oct. 1939	Nov. 1939	Per cent change		Nov. 1938	Sept. 1939	Oct. 1939	Nov. 1939
					Nov. 1939 from	1939 from 11 mos. 1938				
					Month ago	Year ago				
Retail trade										
Sales										
Total of all stores.....	76r	85	79	88p	+11	+16	+7	89	86	93 103p
Department.....	67	74	69	78	+14	+16	+7	82	74	80 95
Men's apparel.....	66r	76	74	81	+9	+22	+7	73	69	83 89
Women's apparel.....	96r	106	98	102	+5	+7	+1	108	110	111 115
Shoe.....	90	98	81	93	+15	+4	+3	87	111	91 90
Credit.....	87r	98	97	107p	+11	+22	+13	107	102	121 130p
Stocks of goods										
Total of all stores.....	77r	75	78	80p	+2	+4	.....	86	81	88 90p
Department.....	51	51	53	55p	+3	+7	.....	60	54	61 64p
Women's apparel.....	101r	105	109	108	-0	+7	.....	119	121	130r 127
Shoe.....	61r	67	67	66	-2	+8	.....	65	72	73 70
Credit.....	104r	94	103	107p	+3	+2	.....	115	103	115 117p
Rate of stock turnover										
11 months (actual, not indexes).....							+10*	3.43		3.79
Wholesale trade										
Sales										
Total of all lines.....					-0*	+17*	+10*			
Boots and shoes.....					-19*	-6*	+2*			
Drugs.....					-4*	-1*	.....			
Dry goods.....					+1*	+4*	+2*			
Electrical supplies.....					+15*	+71*	+32*			
Groceries.....					-5*	-3*	+1*			
Hardware.....					-5*	+39*	+21*			
Jewelry.....					-0*	+26*	+22*			
Paper.....					+2*	+31*	+11*			
Stocks of goods										
Total of all lines.....					+1*	+5*	.....			
Dry goods.....					-7*	+5*	.....			
Electrical supplies.....					-0*	+21*	.....			
Groceries.....					+9*	-1*	.....			
Hardware.....					-0*	+5*	.....			
Jewelry.....					+0*	-3*	.....			
Paper.....					+3*	+17*	.....			
Output of manufactures										
Pig iron.....	38	58	71	80	+13	+113	+52	38	54	70 81
Steel.....	61	73	93	102	+9	+68	+38	58	69	93 98
Iron castings.....	49	56	64	57	-10	+18	+14	50	57	68 59
Steel castings.....	83	84	127	144	+13	+73	+43	77	76	121 134
Electrical apparatus.....	65	77	87r	92	+6	+41	+22	69	84	95r 98
Motor vehicles.....	18	20	23	20	-12	+16	+19	15	17	21 18
Automobile parts and bodies.....	69	83	91	96	+6	+40	+42	63	78	86 88
Locomotives and cars.....	13	22	28r	32	+17	+150	+14	12	21	26 30
Shipbuilding.....	230	373	417	413	-1	+80	+44	230	355	401 413
Silk manufactures.....	79	82	91r	93	+2	+18	+11	80	82	93r 94
Woolen and worsteds.....	55	58	65r	65	+1	+19	+36	59	64	71r 71
Cotton products.....	41	49	56	55	-2	+34	+34	43	46	58r 58
Carpets and rugs.....	90	127	126	126	+0	+40	+92	102	140	144 144
Hosiery.....	95	102	105	103	-1	+9	+20	108	102	115 117
Underwear.....	131	144	147	155	+5	+18	+24	132	144	160 156
Cement.....	55	58	65	69	+7	+27	+16	54	68	73 68
Brick.....	33	45	57r	58	+1	+74	+41	33	45	58r 57
Lumber and products.....	25	28	29	29	0	+15	+10	25	29	30 29
Bread and bakery products.....					+2*	-1*	-0*	91	92	88 90
Slaughtering, meat packing.....	93	103	103	97	-6	+4	+11	103	103	108 108
Sugar refining.....	90	148	102	112	+10	+24	+9	59	128	86 73
Canning and preserving.....	51	59	53	57p	+9	+13	+5	55	76	70 64p
Cigars.....	97	99	100	93	-7	-4	+3	116	115	123 111
Paper and wood pulp.....	67	74	79	81	+2	+20	+13	67	74	81 81
Printing and publishing.....	87	92	91	91	+0	+4	+0	88	91	91 92
Shoes.....	149	143	151	144	-5	-3	-8	140	163	163 136
Leather, goat and kid.....	79	87	99	110p	+11	+40	+32	76	91	103 107p
Explosives.....	76	89	91	105	+15	+38	+11	76	89	92 105
Paints and varnishes.....	75	87	82	83	+1	+10	+9	78	83	88 85
Petroleum products.....	152	167	174	182p	+5	+20	+8	152	169	175 182p
Coke, by-product.....	105	125	138	137p	-1	+30	+34	101	120	135 131p

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

